

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**I.D. # 11707
RESOLUTION O-0056
November 29, 2012**

R E S O L U T I O N

Resolution O-0056. Chevron Pipe Line Company requests authority to cancel intrastate transportation service of crude oil on its Ventura Systems.

PROPOSED OUTCOME: This Resolution grants Chevron Pipe Line Company's request.

ESTIMATED COST: None

By Chevron Pipeline Company Advice Letter 46 filed on August 24, 2012 and Advice Letter 46-A filed on September 13, 2012.

SUMMARY

This Resolution grants the Chevron Pipe Line Company (CPL) request to cancel crude oil transportation service on its petroleum pipeline system, Ventura Systems. CPL states that shippers no longer use the service, and the line has been idle since 1999.

BACKGROUND

On August 24, 2012 CPL filed Advice Letter No. 46 (AL 46) requesting approval to cancel service on its Ventura Systems. The service is for the transportation of crude oil from two origin points, the UNOCAP Junction in El Segundo; and the Shell California Pipeline Junction, "Shellburn Jct." also in El Segundo, to a single destination, the Chevron U.S.A. Refinery in El Segundo. All three locations are in Los Angeles County.

CPL's request was originally submitted as a Tier 1 Advice Letter. General Order 96-B, Energy Rule 5.3(6), requires a Tier 3 Advice Letter for requests concerning "withdrawing a service, abandoning service within an area, cancelling a rate

schedule, or closing a rate schedule to new customers, unless the action is authorized by a prior Commission decision, resolution, or order.” There is no prior authorization of CPL’s request in AL 46. After being notified by the Energy Division of the need to rectify the incorrect Tier filing, CPL on September 13, 2012 submitted a supplement, Advice Letter 46-A (AL 46-A) making it a Tier 3 Advice Letter. AL 46-A also provided information in response to a request from the Energy Division regarding the withdrawal of service.

General Order 96-B, Energy Industry Rule 3.2(4) requires that CPL serve the advice letter on all customers affected by the proposed cancellation of rate schedules. Accordingly CPL states that all subscribers (i.e., shippers) to the service on or before the date of AL 46-A were sent a copy of the Advice Letter.

NOTICE

Notice of AL 46 and AL 46-A were made by publication in the commission’s Daily Calendar. CPL states that a copy of both AL 46 and AL 46-A was sent either via electronic service or U.S. Postal Service, first class to all subscribers on or before the date of each Advice Letter.

PROTESTS

AL 46 was not protested. AL 46-A was not protested.

DISCUSSION

CPL’s AL 46 and AL 46-A should be approved. The pipeline segment in question has been idle since 1999, and CPL has received no requests for service since that time. In response to Energy Division inquiries, CPL provided necessary information and explanation supporting the requested service cancellation.

Prior to 1999 Chevron participated in offshore oil production in the Port Arguello field. The field, located off of Santa Barbara County was one of the largest US offshore discoveries up to that time. The Ventura System owned by Chevron provided transportation services for California offshore and coastal crude oil production. As part of the Ventura System, a segment of the line delivered crude oil to Chevron’s refinery in El Segundo. When Chevron made a strategic decision to no longer produce oil in offshore California it took steps to

discontinue the offshore California transportation segment of its business. As part of this effort, it entered into an agreement to sell its associated transportation assets, including the Ventura System.

On June 8, 2000 Decision 00-06-027 approved the sale to Ellwood Pipeline, Inc., of one mile of the Ventura System that was operated as a common carrier. The line for which CPL is seeking cancellation of service, in ALs 46 and 46-A, was part of the pipeline system, connected to the crude oil line purchased by Ellwood and provided service to CPL's only destination, the El Segundo refinery. This connecting segment was not part of the sale. Chevron had been the largest shipper on the pipeline segment. When it ceased its offshore operations it no longer required service on the segment. Further, after the sale to Ellwood, no other shippers requested further service on the segment connecting to the refinery. The segment has been idle since 1999 and CPL has had no requests for service since 1999.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS AND CONCLUSIONS

1. Chevron Pipe Line Company filed a Tier 1 Advice Letter on August 24, 2012, requesting approval to cancel service on a pipeline segment in compliance with General Order 96-B, Energy Industry Rule 5.3(6). This rule requires Commission approval when withdrawing a service, abandoning service within an area, or canceling a rate schedule unless authorized by a prior Commission decision, resolution or order.
2. At the instruction of Energy Division Staff, Chevron Pipe Line Company filed a Tier 3 Advice Letter 46-A on September 13, 2012, in which it correctly filed its request as a Tier 3 Advice Letter, and served a copy on all affected customers.
3. In 1999 Chevron ceased its offshore oil operations off California and sold its transportation service assets associated with offshore and coastal crude oil transportation service. Included in the sale was part of its Ventura System, which was approved for sale in Decision 00-06-027.

4. A small segment of the Ventura System connecting it to the Chevron El Segundo refinery was not sold.
5. The unsold segment for which Chevron Pipe Line Company is requesting approval for a cancellation of service has been idle since 1999. Chevron was the largest shipper on the segment and with the cessation of its offshore operations no longer required transportation service to the refinery.
6. There have been no requests for service on the segment since the sale of the Ventura System in 1999.
7. Chevron Pipe Line Company Advice Letter 46 as supplemented by Advice Letter 46-A should be approved.

THEREFORE IT IS ORDERED THAT:

1. Chevron Pipe Line Company Advice Letter 46 as supplemented by Advice Letter 46-A is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on November 29, 2012; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director